(a) whether it is a fact that after the hike in rental charges by the department, lakhs of telephones have been surrendered;

(b) if so, the number thereof, State-wise; and

(c) the other reasons for surrendering the telephones?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI SUMITRA MAHAJAN): (a) No, Sir.There has been no hike in rental charges during the current financial year 2002-03.

(b)Does not arise in view of (a) above.

(c)The possible reasons for surrendering of telephones are as under—

(i) Switching over from landline to cellular and Wireless in Local Loop (WLL) phones.

(ii) Surrendering of extra telephones due to improve availability and reliability of phones.

(iii) Recession in economy and other financial reasons.

(iv) Closure of firms.

(v) Shifting/transfer of customers to other places.

(vi) Surrender of OYT and Tatkal Category telephones to get refund of deposit on account of improved availability of telephones in general category.

(vii) Personal reasons (Death, Retirement, marriage etc.)

Status off FDI In telecom sector

2354. MAULANAOBAIDULLAHKHANAZMI:
SHRI SURESH RAGHOURI:

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the status of FDI in the telecom sector and its limits and whether Government propose to enhance the limit;

(b) whether the recent phase of acquisitions and mergers given way to the growth of MNCs in India;

(c) if so, the steps Government have taken to protect the Indian PSUs like BSNL and MTNL;

(d) if no action has been taken so far, the reasons therefor; and

(e) whether the lack of clear Government policy on the technology is not jeopardising the invetment flow in the sector?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI SUMITRA MAHAJAN): (a) The actual inflow of Foreign Direct Investment (FDI) fromAugust 1991 to December, 2002 has been Rs. 9,562.10 crores. FDI limits in various sub-sectors of telecom are given in the Statement *{See* below). The Government reviews the FDI limits from time to time depending upon the investment requirement of the sector, security etc.

(b) No, Sir.

(c) and (d) Do not arise in view of (b) above.

(e) No, Sir. The Government is neutral in so far as selection of technology is concerned.

Statement

FDI policy in Telecom Sector Present FDI

Policy for the Telecom sector is as under:—

1. In Basic, Cellular Mobile, National Long Distance, International Long Distrance, Value Added service and Global Mobile Personal Communications by Satellite, FDI is limited to 49% (under automatic route) subject to grant of license from Department of Telecommunications and adherence by the companies (who are investing and the companies in which investment is being made) to the license conditions for foreign equity cap and lock-in period for transfer and addition of equity and other license provisions.

2. Foreign direct investment upto 74% permitted, subject to licensing and security requirements for the following:—

(i) Internet Service (with gateways)

(ii) Infastructure Providers (category-ll)

(iii) Radio Paging Service

3. FDI upto 100% permitted in respect of the following telecom services:—

(i) ISPs not providing gateways (both for satellite and submarine cables);

(ii) Infastructure Providers providing dark fibre (IP Category I);

(iii) Electronic Mail; and

(iv) Voice Mail

The above would be subject to following conditions:—

(i) FDI upto 100% is allowed subject to the conditions that such companies would divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world.

(ii) The above services would be subject to licensing and security requirements, wherever required.

(iii) Proposals for FDI beyond 49% shall be considered by FIPB on case to case basis.

4. In manufacturing sector 100% FDI is permitted under automatic route.

5. Foreign Direct Investment upto 49% is also permitted in an investment company, set up for making investment in the telecom companies licensed to operate telecom services. Investment by these investment companies in a telecom service company is treated as part of domestic equity and is not set off against the foreign equity cap.

6. Non-convertible preference share does not attract sectoral cap.